

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INDUSTRIAL POWER AGREEMENT FILING)
BETWEEN SHELBY RURAL ELECTRIC COOPERATIVE) CASE NO. 90-407
CORPORATION AND THE BEKAERT CORPORATION)

O R D E R

On December 26, 1990, Shelby Rural Electric Cooperative Corporation ("Shelby RECC") filed a motion requesting interim approval of its Industrial Power Agreement dated September 1, 1990 ("Agreement") with the Bekaert Corporation ("Bekaert"). Shelby RECC states that it has provided electric service to Bekaert under the rate in tariff Schedule B1, at a minimum contract demand of 1,000 KW, since October 1, 1990. Shelby RECC further states that interim relief is necessary to clarify the current uncertainty that was created by the Commission's December 13, 1990 Order suspending and setting for investigation the Agreement with Bekaert.

Based on the motion and being advised, the Commission hereby finds that Shelby RECC's service to Bekaert under tariff Schedule B1 is reasonable and should continue on an interim basis until further order by the Commission. The Commission further finds that the Agreement makes numerous references to substation facilities being constructed to serve the Bekaert load but does not include any specific information regarding substation size, demand projections for the Bekaert load, or provisions for the

recovery of facility costs in the event the projected loads do not materialize. The Commission considers a review of these matters essential to its investigation of the tendered Agreement.

IT IS THEREFORE ORDERED that:

1. Shelby RECC's motion be and it hereby is granted to the extent that Bekaert shall be served under tariff Schedule B1 until further Order by the Commission.

2. Shelby RECC shall provide, no later than January 31, 1991, an original and ten copies of the following information:

a. A detailed description of the facilities (substation capacity, transmission line size, etc.) being constructed to serve the Bekaert load.

b. The monthly demand projections for the Bekaert load. At a minimum, this should show when the 3,000 and 5,000 KW levels are expected to be reached, and should include descriptions of the anticipated events that will cause the increases in demand.

c. The contract demands identified in the Agreement are 1,000 KW, 3,000 KW, and 5,000 KW. Considering these 2,000 KW differences, explain the basis for the 1,500 KW increments by which contract demand can be reduced pursuant to paragraph (2), part (b), on page 3 of the Agreement.

d. Paragraph 2 of the Agreement sets out the conditions and timing for the minimum contract demand to increase to 3,000 KW, and paragraph 6 indicates that after Bekaert moves to Schedule B2, with a minimum demand of 5,000 KW, it must remain on that schedule for at least one year. Explain why there is no provision

addressing when, and under what conditions, Bekaert would go on Schedule B2 other than when it exercises its option.

e. Paragraph 13 addresses the options available to East Kentucky Power Cooperative in the event of a default of the Agreement by Bekaert. What consideration was given to requiring Bekaert to guarantee reimbursement of the investment if Bekaert's load does not increase to a level requiring the construction of a substation?

Done at Frankfort, Kentucky, this 18th day of January, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director